

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF PUERTO RICO**

TANIS MILICEVIC,

Plaintiff,

v.

CIVIL NO. 22-1202 (HRV)

UNIVERSAL INSURANCE COMPANY,

Defendant.

**MEMORANDUM AND ORDER**

Pending before the Court is Universal Insurance Company's ("Universal") "Motion for Disclosure of Settlement Agreement." (Docket No. 119). Plaintiff, Tanis Milicevic, former Defendant and Third-Party Defendant Liberty Mutual Insurance Company ("Liberty"), District Hotel Partners, LLC ("DHP")(previously Bayamón Hotel Company or "BHC"), and Bluhost, LLC (previously known as IHE, LLC)(hereinafter the "settling parties"), oppose Universal's motion. (Docket Nos. 120, 124).

For the reasons set forth below, the motion is DENIED.

**I. Brief Factual Background and Procedural History**

On May 4, 2022, Plaintiff Tanis Milicevic commenced the instant diversity jurisdiction action against BHC (subsequently substituted for defendant DHP) alleging in sum and substance that due to BHC's negligence, she suffered damages. (Docket No. 1). The original complaint specifically alleged that on June 12, 2021, Ms. Milicevic was

1 staying in a room at the Hyatt Place San Juan City Center, a hotel owned by BHC. (*Id.* at  
2 2, ¶ 8). When she woke up that morning, she stepped onto the tile leading to the  
3 bathroom and violently slipped resulting in severe physical injuries, including a  
4 displaced femur fracture. (*Id.*, ¶¶ 9,10).

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6 BHC answered the complaint on July 6, 2022, generally denying liability and  
7 asserting several affirmative defenses. (Docket No. 9). Following a failed attempt at  
8 settlement (Docket No. 33), BHC filed third-party complaints against its insurance  
9 companies Liberty and Universal pursuant to the direct-action provisions of the Puerto  
10 Rico Insurance Code, 26 P.R. Laws. Ann. §§ 2001 and 2003. (Docket Nos. 38 and 47).  
11 Subsequently, Liberty filed a crossclaim against Universal. (Docket No. 73).

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13 On February 2, 2024, I denied a motion to dismiss filed by Liberty on statute of  
14 limitations grounds. (Docket Nos. 46, 62). Universal also moved to dismiss the third-  
15 party complaint against it for failure to state a claim. (Docket No. 69). Meanwhile, after  
16 being granted leave to do so, Plaintiff filed an amended complaint on March 25, 2024.  
17 (Docket No. 86). Among other things, the amended complaint added Liberty and  
18 Universal as defendants under the direct-action statute. (*Id.*).

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20 On May 23, 2024, the settling parties filed a joint “Stipulation of Dismissal with  
21 Prejudice” in which they informed me that they had reached an agreement to partially  
22 settle the case. (Docket Nos. 111). I noted the stipulation and entered partial judgment  
23 accordingly. (Docket Nos. 112, 113). Pursuant to the partial judgment, the amended  
24 complaint was dismissed as to the settling defendants. Also, under the partial judgment,  
25 the third-party complaints against Liberty and Universal were dismissed as well as the  
26 crossclaim by Liberty against Universal. (Docket No. 113). The dismissal of the third-  
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1 party complaint against it, mooted Universal's motion to dismiss at Docket No. 69. (*See*  
2 Docket No. 114). Universal currently stands as the only defendant remaining in the case.

3 Universal filed its motion for disclosure of settlement agreement on May 30, 2024.  
4 (Docket No. 119). The settling parties jointly opposed said motion for disclosure on June  
5 7, 2024. (Docket No. 120). In said opposition, they only agreed to include a selected  
6 portion of the settlement agreement that outlines releases and waivers of liability. (*Id.*)  
7

8 I ordered Universal to reply to the settling parties' opposition addressing whether  
9 the request had become moot in light of the information included in the filing at Docket  
10 No. 120. (Docket No. 121). In compliance, Universal filed its reply on June 17, 2024,  
11 arguing that its request to disclose the settlement agreement had not become moot and  
12 reiterating its position that it is entitled to be provided an unredacted version of the  
13 settlement agreement at issue. (Docket No. 123). Plaintiff responded to the motion in  
14 compliance on June 23, 2024, and Universal filed a brief reply on June 25, 2024. (Docket  
15 Nos. 124, 125).  
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## 17 **II. Discussion**

18 Universal argues that it is entitled to the disclosure of the complete settlement  
19 agreement to determine the effects of said agreement on it, the only non-settling party,  
20 as well as its own exposure. According to Universal, the partial disclosure made by the  
21 settling parties failed to place it in a position to adequately assess the availability of  
22 affirmative defenses and to determine whether the claims against it are precluded, if, for  
23 instance, the settlement agreement completely extinguished the responsibility of its  
24 insured DHP. Because Universal is not a tortfeasor but the insurer of a tortfeasor, it  
25 contends that its liability is dependent on the liability of DHP, a party that it suspects has  
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1 been fully released from liability pursuant to the settlement agreement. Accordingly,  
2 Universal maintains that it needs to review the “totality of the wording in the settlement  
3 agreement, and the specific terms and scope of the release and waivers of liability  
4 between plaintiff and the released defendants” (Docket No. 123 at 3) before it is required  
5 to answer or otherwise move the Court.  
6

7 Plaintiff responded that the settlement agreement, by its clear terms, did not  
8 release Universal from liability under the direct-action statute. (Docket No. 124). Her  
9 position is that she will still have to prove her case of liability and damages against the  
10 Hotel but can only recover damages from Universal as the non-settling insurer of DHP  
11 up to the limits of the insurance policy. Plaintiff does not dispute that Universal will be  
12 able to raise all defenses the Hotel has against liability and the amount of damages.  
13 Plaintiff also engages in the exercise of characterizing the case law cited by Universal as  
14 either not applicable or distinguishable.  
15

16 In reply, and even though she has unambiguously opposed the same (Docket No.  
17 120), Universal claims that its request for disclosure of the settlement agreement “must”  
18 be deemed unopposed by Plaintiff. (Docket No. 125). In any event, Universal reiterates  
19 its request for full disclosure of the settlement agreement.  
20

21 After careful consideration of the arguments presented, and the applicable law, I  
22 find that Universal is not entitled to disclosure of the full confidential settlement  
23 agreement. First, I note that as a matter of public policy, the confidentiality of settlement  
24 agreements should be preserved to the extent possible. *See Close v. Account Resolution*  
25 *Servs.*, 557 F. Supp. 3d 247, 250 (D. Mass. 2021)(*quoting Thomasian v. Wells Fargo*  
26 *Bank, N.A.*, No. 03:12-cv-01435-HU, 2013 U.S. Dist. LEXIS 119554, 2013 WL 4498667,  
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1 at \*2 (D. Or. Aug. 22, 2013)(“A ‘strong public policy favoring settlement of disputed  
2 claims dictates that confidentiality agreements regarding such settlements not be lightly  
3 abrogated.”); *see also Berkan v. Mead Johnson Nutrition Puerto Rico, Inc.*, 204 D.P.R.  
4 183, 207 (2020)(noting Puerto Rico’s public policy in favor of settlements.).

5  
6 Second, none of the cases cited by Universal hold that a non-settling co-defendant  
7 is entitled, or has a right, to disclosure of a confidential settlement agreement to be able  
8 to argue affirmative defenses and the extent of its liability. The cases cited by Universal  
9 simply stand for the proposition that the intent of the parties to the settlement agreement  
10 and the stipulated terms with respect to releases and waivers of liability, must be  
11 considered by the Court (not the non-settling party) for their effect on the liability of a  
12 non-settling co-defendant or tortfeasor. *See Sagardia v. Hospital Auxilio Mutuo*, 177  
13 D.P.R. 484 (2009).

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15 Further, Universal’s reliance on *Rodriguez-Ramos v. Hospital Dr. Susoni, Inc.*,  
16 186 D.P.R. 889 (2012) is misplaced. According to Universal, the Puerto Rico Supreme  
17 Court “**held** that in light of partial settlement, the remaining defendants can and should  
18 be granted an opportunity to review the terms of a confidential settlement agreement to  
19 determine its effects in the judgment or their own exposure . . . .” (Docket No. 119 at  
20 2)(emphasis ours). The case is also cited for the proposition that Universal has a “right  
21 to review the terms of a confidential settlement agreement to determine its effects in the  
22 judgment, defenses and own exposure” because the Supreme Court of Puerto Rico  
23 supposedly concluded “that the co-defendant should have requested access to the  
24 settlement agreements to determine their effect.” (Docket No. 123 at 8). That is not what  
25 the case holds.  
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1 Relevantly, *Ramos-Rodriguez v. Hospital Dr. Susoni, Inc.*, *supra*, addressed a  
2 claim made by a co-defendant doctor in a medical malpractice action that the lower  
3 courts erred in not requesting copies of the confidential settlement agreements reached  
4 by two of the co-defendants. *Id.* at 902. The argument was that the amounts received by  
5 the plaintiffs through those settlement agreements should be reduced from the damages  
6 assessed against him. *Id.* In response, the plaintiffs opposed the disclosure of the  
7 agreements and proffered that the agreements were of the kind endorsed by the Court  
8 in *Szendrey v. Hospicare, Inc.*, 158 D.P.R. 648 (2003), and that there was a release of  
9 liability in both the internal and external relationship between the settling parties.  
10 *Rodriguez-Ramos v. Hospital Dr. Susoni, Inc.*, 186 D.P.R. at 902.

13 After a discussion of the relevant law regarding settlement agreements and their  
14 potential effects on a non-settling co-defendant, the Court disposed of the controversy  
15 by way of a procedural finding that the request for disclosure of the settlement  
16 agreements (again, to the Court, not the co-defendant) was not properly before it since  
17 the partial judgments at issue had become final and were not appealed. *See id.* at 902-  
18 907. The Court specifically noted that to agree to the petition of requesting the signed  
19 agreements to determine the effects that said agreements could have had over the  
20 internal and external relation of the other defendants in solidarity would have the  
21 simultaneous effect of reviewing a partial judgment that became final more than three  
22 years prior. *Id.* at 906-07. And the trial Court had already adjudicated, through a final  
23 judgment, that the portion received by the plaintiffs through the settlement agreements  
24 did not have any effect over the damages to be imposed on the non-settling co-defendant.  
25 *Id.* at 907. If the non-settling co-defendant wanted the trial court to review the  
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1 confidential settlement agreement, it should have so requested prior to the entry of the  
2 partial judgment or appeal from said partial judgment. *Id.* By not doing so, he conceded  
3 that the settling co-defendants be release from the internal and external relationship,  
4 making the request to review the settlement agreements unavailing. *Id.*

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6 The foregoing shows that the cited case does not hold that non-settling defendants  
7 should be granted an opportunity to review themselves a confidential settlement  
8 agreement to determine its effects and exposure. At most, the decision leaves the door  
9 open for judicial review and consideration of confidential settlement agreements to  
10 determine their effects, but the issue was not properly before the Court on procedural  
11 and jurisdictional grounds. Here, Universal is not requesting that I review the settlement  
12 agreement to determine its effects. Universal is claiming a categorical and unconditional  
13 right to review the confidential settlement agreement itself. But the case law it cites does  
14 not support its position.  
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16 Lastly, I find that the information already disclosed by the settling parties  
17 regarding the release clauses in the agreement provides sufficient information to  
18 Universal to be able to answer the allegations in the amended complaint and/or raise  
19 affirmative defenses. The settling co-defendants have shared the portions of the  
20 agreement that notify Universal who the released parties are. The information shared  
21 also sheds light regarding the specific intent of the settling parties as to the type of release  
22 as follows:  
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25 It is the specific intent of the PLAINTIFF to release the LIBERTY  
26 RELEASED PERSONS of any and all liability arising from the Casualty and  
27 Lawsuit, and such release will apply to the LIBERTY RELEASED PERSONS  
28 not only in the external relationship between PLAINTIFF and the LIBERTY  
RELEASED PERSONS, but also in the internal relationship between joint

1 tortfeasors. Therefore, PLAINTIFF will absorb whatever portion of liability  
2 that may be assessed against the LIBERTY RELEASED PERSONS in the  
3 future, if any. This means that the LIBERTY RELEASED PERSONS will  
4 never have to pay the PLAINTIFF or any non-released joint tortfeasors or  
5 their insurers, or cross-claimants or third-party plaintiffs any amounts over  
6 the amounts paid by virtue of this Agreement. The PLAINTIFF waives any  
7 right to collect any further amounts or sums (other than the one being paid  
8 herein) from the LIBERTY RELEASED PERSONS based upon liability *in*  
9 *solido*. In other words, it is the express intention of the parties to this  
10 Agreement that the LIBERTY RELEASED PERSONS will not pay any  
11 compensation to anyone other than the compensation for damages in  
12 section 2.1, above.

13 (Docket No. 120 at 2-3). The settling parties made it a point to clarify in the agreement  
14 that the release should not be interpreted as a release in favor of Universal. (*Id.* at 3).

15 As Universal acknowledges, the effects of an agreement to settle a claim against  
16 one of several co-defendants depend on the terms of the agreement. *See U.S. Fire Ins.*  
17 *Co. v. AEE*, 174 D.P.R. 846, 855 (2008). A plaintiff can release a co-defendant of all  
18 responsibility, that is, in their external relationship as well as in the internal relationship  
19 between co-defendants. *Id.* When this happens, the plaintiff assumes the portion of the  
20 responsibility attributable to the released co-defendant. *Id.* at 855-56 (*citing Szendrey v.*  
21 *Hospicare, Inc.*, 158 D.P.R. at 656-659).

22 From the information provided by the settling parties, Universal knows that its  
23 insured DHP has been released from liability and that the release applies to both the  
24 external relationship between Plaintiff and DHP as well as the internal relationship  
25 between the released co-defendants. It is also clear that the settlement agreement does  
26 not intend to release Universal. “The release or discharge from liability granted by a  
27 plaintiff to a codefendant and joint codebtor does not release the other joint tortfeasors  
28 from liability for the damage when the intention of the parties in the settlement and



1 release agreement has thus acknowledged this fact.” *Id.* at 655 [58 Official Translation at  
2 5-6] (citing *P.R. Fuels, Inc. v. Empire Gas Co., Inc.*, 149 D.P.R. 691 (1999) and *Merle v.*  
3 *West Bend Co.*, 97 D.P.R. 403 (1969)). Simply put, Universal has all it needs to decide  
4 what defenses to allege and what arguments to advance regarding its own liability as a  
5 non-settling defendant *vis a vis* its status as the insurer of a released tortfeasor sued  
6 under the direct-action statute.  
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### 8 **III. Conclusion**

9 In view of the above, the motion for disclosure of settlement agreement is  
10 DENIED. Universal must answer the amended complaint or otherwise move the Court  
11 by August 7, 2024. I am disinclined to grant extensions of this deadline absent  
12 extraordinary circumstances.  
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### 14 **IT IS SO ORDERED**

15 In San Juan, Puerto Rico this 17th day of July, 2024.

16 S/Héctor L. Ramos-Vega  
17 HÉCTOR L. RAMOS-VEGA  
18 UNITED STATES MAGISTRATE JUDGE  
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